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BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of the Statement of Issues of THE  
CALIFORNIA CORPORATIONS  
COMMISSIONER,

NMLS No.: 291031

Sponsor File No.: 603-D903

Complainant,

STATEMENT OF ISSUES IN SUPPORT OF  
NON-ISSUANCE OF MORTGAGE LOAN  
ORIGINATOR LICENSE

vs.

ROBERT CARLOS VELASQUEZ, an  
individual,

Respondent.

The California Corporations Commissioner (“Complainant” or “Commissioner”) is informed and believes, and based upon such information and belief, alleges and charges as follows:

I. INTRODUCTION

On or about December 28, 2010, Complainant determined not to issue a mortgage loan originator license to Robert Carlos Velasquez ("Respondent"), pursuant to California Financial Code section 22109.1, because Respondent has pled guilty to and has been convicted of a felony involving an act of fraud or dishonesty. Respondent requested a hearing to challenge Complainant’s determination. This action followed.

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## II. THE APPLICATION

On or about April 13, 2010, Respondent filed an application for a mortgage loan originator license with the Commissioner pursuant to the California Finance Lenders Law (California Financial Code sections 22000 et. seq.)(“CFL”), in particular, CFL section 22105.1. Respondent filed the application pursuant to employment on behalf of Paramount Residential Mortgage Group, Inc. as a mortgage loan originator. Paramount Residential Mortgage Group, Inc. has its principal place of business located at 1265 Corona Pointe Place, 3rd Floor, Corona, California, 92879. Respondent’s application was submitted to the Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”).

Form MU4 at Question 8 (D)(1) specifically asked: “Have you ever been convicted of or pled nolo contendere (‘no contest’) in a domestic, foreign, or military court to any felony?” Respondent answered “yes”. Respondent signed the Form MU4 certifying and swearing that the answers provided in the Form MU4, including exhibits and other information filed therewith, were true, accurate and complete.

## III. CRIMINAL CONVICTION

Respondent stated in the Form MU4 that he had been convicted of a felony. In providing details about the felony conviction, Respondent stated he was involved in a fraudulent telemarketing operation providing debt consolidation services to customers abroad. The use of the mail was employed in collecting client fees for the fraudulent service. As a result, Respondent was charged with two counts of mail fraud, a felony. Documentation obtained by the Commissioner during the application process disclosed that Respondent, in the United States District Court, Central District of California, had plead guilty to and on or about March 17, 1997 was convicted of two counts of mail fraud for violating 18 U.S.C. 1341. Respondent was sentenced to eighteen (18) months incarceration and ordered to pay a fine and restitution. Respondent has since completed the terms of his conviction.

18 U.S.C. 1341 provides, in relevant part:

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises. . . , places in any post office, any matter or thing whatever to be sent or delivered by the Postal Service, . . . shall be fined under this title or imprisoned . . . , or both.

Conviction under 18 U.S.C. 1341 has been recognized in California as a felony of which fraud is the principle element. (See *In re Utz*, (1998) 48 Cal.3d 467, 484).

Financial Code section 22109.1 provides, in relevant part:

The commissioner shall not issue a mortgage loan originator license unless the commissioner makes, at a minimum, the following findings:

...

(b) The applicant has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court, as follows:

...

(2) At any time preceding the date of application, if the felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.

Preceding Respondent's April 13, 2010 application for a mortgage loan originator license, Respondent plead guilty to and was convicted on two counts of mail fraud, on or about March 17, 1997, a felony involving an act of fraud or dishonesty.

#### IV. CONCLUSION

Complainant finds, by reason of the foregoing, that Respondent has been convicted of and pled guilty to two counts of mail fraud for violations of 18 U.S.C. Section 1341, which constitutes a felony involving an act of fraud or dishonesty.

THEREFORE, Complainant asserts that Financial Code section 22109.1 mandated that Complainant not issue a mortgage loan originator license to Respondent under the California Finance Lenders Law.

WHEREFORE IT IS PRAYED that the determination of Complainant to not issue a mortgage loan originator license to Respondent in connection with Respondent's April 13, 2010 application be upheld.

Dated: February 15, 2011  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
ALEX CALERO  
Corporations Counsel  
Attorney for Complainant